

APR 17 2006

FEDERAL ELECTION
COMMISSION
SECRETARIAT

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

APR 17 P 5:07

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

RAD REFERRAL: 05L-19
DATE ACTIVATED: 02/27/06

EXPIRATION OF STATUTE OF
LIMITATIONS: 07/15/09

SOURCE: INTERNALLY GENERATED

RESPONDENTS: Nethercutt for Senate and Catherine Gernes, in her
official capacity as treasurer

RELEVANT STATUTE: 2 U.S.C. § 434(b)

INTERNAL REPORTS CHECKED: Disclosure Reports
Referral Materials
Request for Additional Information
Response to Request for Additional Information

FEDERAL AGENCIES CHECKED: None

I. INTRODUCTION

Nethercutt for Senate and Catherine Gernes, in her official capacity as treasurer
("Nethercutt" or the "Committee"), failed to disclose disbursements of approximately \$369,000
in the Committee's July 2004 Quarterly Report. For the reasons set out below, this Office
recommends that the Commission find reason to believe that Nethercutt for Senate and Catherine
Gernes, in her official capacity as treasurer, violated 2 U.S.C. § 434(b)

II. DISCUSSION

A. Factual and Legal Analysis

Nethercutt for Senate is the authorized committee of George R. Nethercutt, Jr., a 2004 candidate for U.S. Senate in Washington.¹ In its July Quarterly Report, filed on July 14, 2004, the Committee reported disbursements totaling \$1,021,914. On September 2, 2004, the Committee filed an amended July Quarterly Report, and reported additional disbursements and corrections that, when netted, totaled \$368,923, a 36 percent increase.² These additional disbursements and corrections are summarized in the chart below and consist in large part of \$364,100 in payments to a single vendor, Mentzer Media Services.

Date	Vendor	Original Report	Amended Report	Difference
04/15/04	Mentzer Media Services	0	\$354,100.00	\$354,100.00
04/15/04	Mentzer Media Services	0	\$10,000.00	\$10,000.00
05/14/04	Jamie Walker	\$2,309.25	\$1,684.92	-\$624.33
05/14/04	Sean Walsh	0	\$2,309.25	\$2,309.25
05/26/04	Automatic Data Processing	0	\$12.00	\$12.00
06/15/04	The Keller Group	0	\$5,000.00	\$5,000.00
06/30/04	Automatic Data Processing	\$1,873.73	0	-\$1,873.73
Total				\$368,923.19

On October 26, 2004, the Reports Analysis Division sent a Request for Additional Information asking the Committee to explain the failure to report these disbursements. In response, the Committee stated, "The Committee realized that, due to a data entry error, it neglected to include various payments to Mentzer Media. Once this omission was discovered, an amendment to the July Quarterly Report was filed to fully disclose all disbursements made during the period 4/1/04-6/30/04." Nethercutt for Senate, Amended 2004 July Quarterly Report, page 1.

¹ The Committee reported cash-on-hand of \$284,472 in its 2005 Year End Report

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Based on the foregoing, this Office recommends the Commission find reason to believe that Nethercutt for Senate and Catherine Gernes, in her official capacity as treasurer, violated 2 U.S.C. § 434(b) by failing to disclose disbursements totaling \$368,923 in the Committee's 2004 July Quarterly Report.

III. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Nethercutt for Senate and Catherine Gernes, in her official capacity as treasurer, violated 2 U.S.C. § 434(b).
3. Approve the attached Factual and Legal Analysis.
- 4.
5. Approve the appropriate letter.

Lawrence H. Norton
General Counsel

Lawrence L. Calvert Jr.
Deputy Associate General Counsel
for Enforcement

Date

4-16-06

BY: Julie McConnell
Acting Assistant General Counsel

Beth N. Mizuno
Attorney

Attachments:

1. Nethercutt for Senate, Amended 2004 July Quarterly Report, filed 11/12/04, page 1
2. Factual and Legal Analysis
- 3.

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www.NethercuttforSenate.com

SECRETARY OF THE SENATE

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H.D.

November 9, 2004

Patrick Leopold
Reports Analyst
Federal Election Commission
c/o Secretary of the Senate
232 Hart Senate Office Building
Washington, DC 20510

Identification Number: C00389239

Reference: Amended July Quarterly Report (4/1/04-6/30/04), dated
9/2/04

Dear Mr. Leopold:

This letter is in response to your request for additional information, dated October 12, 2004.

You indicate that the Amended July Quarterly Report, dated 9/2/04 discloses a substantial increase in disbursements. The Committee realized that, due to a data entry error, it neglected to include various payments to Mentzer Media. Once this omission was discovered, an amendment to the July Quarterly Report was filed to fully disclose all disbursements made during the period of 4/1/04-6/30/04.

Sincerely,

Catherine Ann Gernes
Treasurer

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ATTACHMENT /
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